

# China's Wanda Group Purchases AMC Entertainment

*By John Vanderhoef*

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China's Dalian Wanda Group [announced](#) that they purchased U.S. theater chain AMC Entertainment for \$2.6 billion, representing the biggest buyout of a U.S. firm by a Chinese company to date, and a stark reversal of the eastward push by Hollywood companies to acquire holdings in China. Barring any protest from anti-trust officials or the Committee on Foreign Investment in the United States (CFIUS), Wanda will be the world's largest cinema owner with major holdings in the two largest markets.

This deal comes amidst a rising number of [co-productions](#), [partnerships](#), and [purchases](#) between Hollywood and Chinese companies.

Wanda currently has 86 cineplex locations, 730 screens, and 47 large-format IMAX screens in China. With its purchase of AMC, it can now add 5,034 more screens to its global total, creating an empire of over 5,800 screens. With many AMC theaters needing [technological upgrades](#), Wanda is set to invest \$500 million in renovations, despite the \$2 billion of debt it will inherit

from the purchase.

*Wanda Chairman Wang Jianlin*

Some analysts have called this a [“trophy” acquisition](#), one that reverses the general eastward flow of Hollywood investing in China. Yet Wanda’s Chairman [Wang Jianlin](#) calls the deal a [long-term investment](#), indicating the Chinese company has much larger plans for the future. In fact, there are hints that Wanda might start TV or film [production](#) down the line.

Through this purchase, Wanda has increased its leverage over the global exhibition market. Some writers [suggest](#) Wanda will use the acquisition to study American audiences and learn how to attract a growing middle-class Chinese population to multiplexes and concession stands. Looking forward, Wanda plans to expand to the European market as well, supporting statements they have made about wanting to be a [“big company”](#) outside of China.

This news comes in the wake of China’s 30 percent jump in box office sales in 2011 to \$2.1 billion, and a massive [investment](#) in the expansion of cinemas in the country. These numbers are expected to rise considerably in the next several years as China continues to build theater locations at a rapid pace. In February 2012, the country also increased its quotas on the number of U.S. produced films it will allow to be screened in the country from 20 to 34, with a stipulation that the additional 14 be 3D, IMAX, or animation films. At the same time, China increased the revenue it allows Hollywood studios to keep from [13 to 25](#)

[percent](#). For all of these reasons, Hollywood and China are drawing [closer together](#), and this latest development only adds further momentum to the growing alliance.